

## Message Text

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PAGE 01 TOKYO 05193 111132Z  
ACTION EB-08

INFO OCT-01 ISO-00 EA-07 INR-07 L-03 ( ISO ) W  
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R 110850Z APR 77  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 6861

C O N F I D E N T I A L TOKYO 5193

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PASS WHITE HOUSE FOR STR ONLY

E.O. 11652: GDS  
TAGS: ETRD JA  
SUBJECT: U.S./JAPAN CONSULTATIONS ON STEEL

1. SUMMARY. AT DISCUSSIONS ON INTERNATIONAL STEEL PROBLEMS WITH MITI OFFICIALS IN TOKYO, U.S. OFFICIALS DESCRIBED CURRENT PROBLEMS, INCLUDING ADJUSTMENT OF TRADE DURING ECONOMIC RECESSIONS, DUMPING, LDC PRODUCTION AND MARKETING AND EXPANSION OF FUTURE STEEL PRODUCTION CAPACITY. MITI OFFICIALS RESPONDED FAVORABLY TO A SUGGESTION THAT STEEL BE RAISED IN THE OECD. THEY EMPHASIZED THE IMPORTANCE OF BILATERAL CONTACTS TO TAKE UP IMMEDIATE PROBLEMS. END SUMMARY.

2. ALAN WOLFF AND RICHARD HEIMLICH OF STR, BARRACLOUGH OF STATE AND PIEZ OF U.S. EMBASSY MET ON APRIL 9 WITH MITI DIRECTOR GENERAL AMAYA, AND DIVISION CHIEFS ISHII AND KAWASAKI, FOR AN INFORMAL DISCUSSION OF THE INTERNATIONAL STEEL SITUATION. WOLFF EXPLAINED THAT THERE WERE SEVERAL PROBLEMS AREAS WHICH NEEDED MULTILATERAL CONSIDERATION AS SOON AS POSSIBLE. IN RESPONSE TO AMAYA'S QUERY, HE OUTLINED THE MAJOR PROBLEMS AS INCLUDING: THE MANAGEMENT OF STEEL TRADE DURING PERIODS OF RECESSION; DIFFICULTIES CREATED BY EXPORT PRICING BELOW COST, MEANING DUMPING; EXPANDING  
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PRODUCTION OF STEEL IN DEVELOPING COUNTRIES; AND EXCESS CAPACITY WHICH MAY DEVELOP BECAUSE OF FUTURE INVESTMENT. WOLFF NOTED THAT OUR PREFERENCE WOULD PROBABLY BE TO CONSIDER THESE ISSUES IN AN OECD CONTEXT.

3. AMAYA AGREED WITH WOLFF'S ASSESSMENT OF THE PROBLEMS, BUT QUESTIONED WHETHER THE OECD WOULD BE AN EFFECTIVE

TOOL. WOLFF RESPONDED THAT ACTION IN THE OECD WOULD BE PREFERABLE TO THE ESTABLISHMENT OF A MULTILATERAL SYSTEM SUCH AS THE MULTIFIBER AGREEMENT FOR TEXTILES. OUR OBJECTIVE, HE SAID, IS TO FIND A FLEXIBLE SOLUTION, NOT A RIGID ONE. AMAYA COMMENTED THAT IN OTHER AREAS THE OECD HAD BEEN SLOW TO ACT. THEREFORE HE PREFERRED BILATERAL CONTACTS DESIGNED TO TACKLE PROBLEMS AND FIND SOLUTIONS QUICKLY. WOLFF NOTED THAT AN OECD MEETING WOULD PROVIDE A PLACE AT WHICH BILATERAL DISCUSSIONS COULD ALSO TAKE PLACE. NEVERTHELESS, HE FELT THAT THE OECD OFFERED AN EFFECTIVE MECHANISM FOR STUDYING THE REAL ISSUES WHICH INVOLVE ALL MAJOR STEEL PRODUCING AND CONSUMING COUNTRIES.

4. FOLLOWING THE DISCUSSIONS THE JAPANESE PRESENTED AN INFORMAL SUMMARY OF THEIR CONCLUSIONS CONTAINING THE FOLLOWING POINTS:

A. AVOID AN APPROACH LIKE AN MFA ON TEXTILES;

B. WE SHOULD ENTER INTO MULTILATERAL TALKS ON STEEL WHILE SIMULTANEOUSLY TAKING UP CURRENT PROBLEMS IN BILATERAL DISCUSSIONS;

C. THEREFORE, IT IS NECESSARY TO ACT IN TWO WAYS, ONE BILATERAL, ANOTHER MULTILATERAL. THIS WAS RECEIVED BY PIEZ WITHOUT COMMENT.  
SHOESMITH

NOTE BY OC/T: NOT PASSED TO WHITE HOUSE FOR STR ONLY.  
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## Message Attributes

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**TAGS:** ETRD, JA, US, (WOLFF, ALAN), (HEIMLICH, RICHARD), (BARRACLOUGH), (PIEZ), (TOYONAGA), (KORODA)  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009